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C O N F I D E N T I A L SECTION 01 OF 02 CONAKRY 000366

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SENSITIVE

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TAGS: [ECON](#) [EFIN](#) [PGOV](#) [PREL](#) [ASEC](#) [GV](#)  
SUBJECT: COMMERCIAL CONTRACTS SUBJECT TO REVOCATION

REF: CONAKRY 00327

Classified By: ECONOFF BRIANA WARNER FOR REASONS 1.4 (B) AND (D)

¶1. (SBU) Summary: Aboubacar Koly Kourouma, Secretary General of the Ministry of Mines and Energy, told Econoff that all current commercial contracts with the Government of Guinea (GOG) are under review and are subject to retraction and revision. Kourouma argued that contracts made between private companies and Lansana Conte,s regime are not beneficial to the people of Guinea and need to be closely scrutinized. He ended the meeting by criticizing U.S. policy toward the CNDD and said that the people of Guinea need a strong leader for direction and management, not a politician who comes to power through elections. END SUMMARY.

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COMMERCIAL CONTRACTS IN JEOPARDY  
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¶2. (SBU) In a meeting on June 23 at the Ministry of Mines and Electricity, the Secretary General gave a detailed background of the state of the mining sector in Guinea. Kourouma noted that the Guinean economy suffers from a lack of foreign investment as well as a legacy of poor management. According to Kourouma, the small amount of Foreign Direct Investment (FDI) that Guinea receives is exploitive and marginally beneficial to Guineans.

¶3. (SBU) Kourouma blamed the nature of these commercial agreements on the corruption and poor planning of the Conte regime. He believes that the former regime created relationships with foreign companies for personal profit against the interest of the Guinea people. As such, he hopes to see all of these contracts revised and altered to the benefit of Guinea.

¶4. (SBU) Most notably, he would like to see more bauxite and gold mining companies build refining plants in Guinea rather than exporting raw materials. According to Kourouma, any company that does not plan to base their refining operations out of Guinea will be asked to leave in the coming months.

¶5. (C) When discussing the oil sector, Kourouma named U.S. oil exploration company SMS/Hyperdynamics Corporation (HYPD) as a company that he "would like to see go." He believed that their exploration contract encompasses too much of the Guinean coastline and impedes alternative investment in Guinea,s oil sector. He went on to say that their contract is currently under intense scrutiny and that "we will find a way out of it." Guinea,s oil resources, he said, belong to the people of Guinea. Therefore, we should be able to assert our control over these resources when

necessary.(Comment: Post continues to have concerns over FCPA issues involving HYPD, and will continue its current policy of not advocating on behalf of the company. END COMMENT)

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GUINEANS NEED AUTHORITY, NOT ELECTIONS  
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16. (SBU) Kourouma was very critical of U.S. policy during the meeting and argued that Guineans are not ready or willing to have elections by the end of 2009. Conte,s regime, he said, had ruined the country,s economy and infrastructure, and the Guinean people are therefore not equipped to hold elections anytime soon.

17. (SBU) The CNDD, he said, came to the rescue of the people after Conte died last December since politicians would have brought the country to ruin. He then argued that the Guinean people need "authority and management," not politicians who concern themselves with matters of popular support. If elections were held right now, former members of Conte,s regime would win, he argued, because they are the ones that have the money to campaign. Guinean people do not want or need elections, as they don,t even have electricity or water.

18. (SBU) When Econoff asked about CNDD threats against all businesses who did not provide "donations" to infrastructure improvements (reftel), Kourouma laughed and defended junta president Moussa Dadis Camara: "Dadis, at times, speaks too much from the heart. He is passionate about improving the

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country. He will not shut businesses down as he threatens; this is his way to push people to do something." The money solicited from the businesses is reportedly sitting in the Central Bank awaiting allocation for CNDD infrastructure projects.

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COMMENT  
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19. (C) Kourouma,s declaration that commercial contracts in Guinea are subject to review and revocation may foreshadow events yet to come. The CNDD has repeatedly harassed business interests in Guinea, halting major new investment in the country,s rich natural reserves. Kourouma indicated to Econoff that the CNDD will continue to challenge international investments, which could severely damage their natural resource-reliant export industry. The economic impact of CNDD actions could be exacerbated by a delay of the election timetable set for the end of 2009. Companies could seriously question not only expansion plans, but also their existing interests in Guinea if contractual agreements are not respected.  
RASPOLIC